
AG FINANCIAL LIMITED
ACN 108 069 003
NOTICE OF GENERAL MEETING

TIME: 10.00 am (AEST) Queensland time
DATE: Friday 8 April 2016
PLACE: Ground Floor, Chancellor Executive Apartments
19 Lake Street, Varsity Lakes
Queensland 4227

***The Directors recommend that you vote in favour of all Resolutions at this Meeting.
This Notice of General Meeting and Explanatory Statement are important documents and
should be read in its entirety. Please read them carefully. If you are in doubt as to what you
should do, please consult your investment or other professional adviser.***

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IMPORTANT INFORMATION

Terms and abbreviations used in this Notice and Explanatory Statement are defined in section 5 "Definition" of the Explanatory Statement.

Time and place of Meeting

Notice is given that the Meeting will be held at 10.00 am (AEST) Queensland time on Friday, 8 April 2016 at:

Ground Floor, Chancellor Executive Apartments,
9 Lake Street, Varsity Lakes,
Queensland 4227

Your vote is important

The business of the Meeting affects your Shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders as at 7.00 pm (AEST) Queensland time on Wednesday, 6 April 2016.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

A Shareholder who is entitled to attend and vote at the Meeting has a right to appoint not more than 2 proxies to attend and vote for the Shareholder at the Meeting. Where a Shareholder appoints 2 proxies, the appointment may specify the proportion or number of votes which each proxy may exercise. If the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, then each proxy may exercise half of those votes. A proxy need not be a Shareholder.

To be valid, a proxy form must be received by the Company by 10.00 am (AEST) Queensland time on Wednesday, 6 April 2016 (**Proxy Deadline**). Proxies may be submitted:

IN PERSON	Share registry – Level 12 225 George Street, Sydney, NSW 2000
BY MAIL	Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001
BY FAX	+61 02 9290 9655
ONLINE	www.votingonline.com.au/agfinancialegm2016

A written proxy appointment must be signed by the Shareholder or the Shareholder's attorney. Where the appointment is signed by the appointor's attorney, a certified copy of the authority, or the authority itself, must be lodged with the Company in one of the above ways by the Proxy Deadline. If facsimile transmission is used, the authority must be certified.

Body corporate representative

A Shareholder who is a body corporate and who is entitled to attend and vote at the Meeting, or a proxy who is a body corporate and who is appointed by a Shareholder entitled to attend and vote at the Meeting, may appoint a person to act as its representative at the Meeting by providing that person with:

- (a) a letter or certificate, executed in accordance with the body corporate's constitution, authorising the person as the representative; or
- (b) a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF SALE OF ALL THE SHARES IN AG CAPITAL PTY LTD

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 11.2 and for all other purposes, the Shareholders approve the disposal of the entire share capital of AG Capital Pty Ltd held by the Company to Longhou Investment Group Pty Ltd for total cash consideration of \$1.0 million (subject to adjustments) as set out the Share Sale Deed dated 9 February 2016, a summary of which is contained in the attached Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of holder of ordinary securities, if the Resolution is passed. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – CHANGE OF NAME

To consider and, if thought fit, to pass, the following resolution as a **special resolution**:

"That for the purposes of:

- (a) section 157(1) of the Corporations Act 2001 (Cth) and for all other purposes, the Company's name be changed to Ennox Group Ltd; and*
- (b) section 136(2) of the Corporations Act 2001 (Cth) and for all other purposes, all references to "AG Financial Ltd" in the Company's constitution be replaced with references to "Ennox Group Ltd".*

3. RESOLUTION 3 – RATIFICATION OF PRIOR SHARE ISSUE

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4, and for all other purposes, shareholders ratify the issue of 43,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by person who participated in the issue and an associate of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – APPROVAL FOR ISSUE OF SHARES - NEW PLACEMENT

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 58,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important note: The proposed allottees of any Equity Securities under the New Placement are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the New Placement), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

Dated: 7 March 2016
By order of the Board

David Low
Chairman

EXPLANATORY STATEMENT

A. INTRODUCTION

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions. This Explanatory Statement should be read in conjunction with the Notice and forms part of the Notice.

B. BUSINESS OF THE MEETING - SUMMARY

To consider and vote on the following resolutions:

- Resolution 1 - Disposal of AG Capital
- Resolution 2 - Change of Name
- Resolution 3 - Ratification of Prior Share Issue
- Resolution 4 – Approval for Issue of Shares - New Placement

The Directors recommend that you vote in favour of all Resolutions at this Meeting.

C. RESOLUTIONS

1. Resolution 1 – Disposal of AG Capital

Resolution 1 of the Meeting seeks Shareholder approval for the sale by the Company of the entire issued and paid up share capital of AG Capital to Longhou on the terms set out in the Share Sale Deed and as summarised in this Explanatory Statement.

1.1 The Law – Listing Rule 11.2

Listing Rule 11 requires that shareholder approval be obtained if an entity proposes to make a significant change to the nature or scale of its activities and the significant change involves the entity disposing of its main undertaking.

Listing Rule 11.2 provides that a company may not dispose of its main undertaking (that is, its main asset or business) without the approval of its shareholders.

Listing Rule 11.2 is relevant as the Sale constitutes the Company disposing of its main undertaking, being the entire share capital of AG Capital. Accordingly, Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 11.2 for the proposed Sale.

The Sale requires the approval by way of an ordinary resolution of Shareholders.

As Longhou is not a related party of the Company, shareholder approval for the Sale is not required for the purposes of Listing Rule 10.1.

1.2 Reason for sale of AG Capital

The Directors believe that, following an assessment of the advantages and disadvantages disclosed below, the Sale is in the best interests of the Company. In this regard the Board considers that the advantages of the Sale outweigh the disadvantages.

On 23 December 2015, the Company made an ASX announcement relating to its signing of a binding term sheet to sell its entire shareholding in AG Capital for total cash consideration of \$1.0 million. Subsequently on 9 February 2016, the Company

entered into the Share Sale Deed to effect the Sale. This Explanatory Statement sets out the key terms of the Share Sale Deed.

The Directors are of the view that Completion of the Sale will allow the Company to focus more on providing investment banking activities such as advising on cross border mergers and acquisitions, initial public offerings, capital raising (equity/debt/hybrid), underwriting, private equity investments and managed investment schemes, especially involving cross border activities between Australia and Asia.

1.3 Potential advantages of the sale of AG Capital

The potential advantages to Shareholders of approving Resolution 1 are:

- (a) The Sale will enable AG Financial to shift its focus from stockbroking activities which are considered to be highly competitive, low growth and low margin, to investment banking activities (such as corporate advisory, underwriting, equity/debt capital markets) which are considered higher margin with more prospects for growth. According to IBISWorld, Investment Banking and Securities Brokerage industry revenue is forecast to grow at 5.9% pa in the five years to 2021, with much of this growth expected to come from investment banking (driven by mergers and acquisitions and capital raising activities) rather than stockbroking services.
- (b) Since completion of the acquisition of AG Capital in September 2014, AG Financial's share price has fallen from \$0.05 - \$0.06 levels to \$0.004 as at 3 March 2016. The market for AG Financial's Shares is also currently illiquid and the ability of Shareholders to crystallise their investment is limited. A change in strategic direction and new business prospects may improve sentiment towards its Shares, create new interest towards the Company from the investment community and lead to a Share price re-rating and improved liquidity over time.
- (c) An investment banking based business model better leverages off AG Financial's new Board members' skills and experience in corporate advisory and cross-border mergers and acquisitions, as well as their corporate relationships and networks in Asia and Australia.
- (d) With \$1 million in cash proceeds from the Sale (subject to adjustments), AG Financial would be able retire all its debts and put it in a stronger financial position to grow the new business model. In addition, it will also be in a stronger position to consider and take advantage of business and acquisition opportunities which have greater prospects of delivering Shareholders' returns.

1.4 Potential Disadvantages of the sale of AG Capital

The potential disadvantages of Shareholders approving Resolution 1 are:

- (a) The Company will no longer have an interest in AG Capital, its current main undertaking.
- (b) The Company will be changing the scale of its activities by a significant extent through the disposal of its major asset, which may not be consistent with the investment objectives of all Shareholders.

- (c) Following completion of the Sale, AG Financial will be without an established, profitable core business. However, the Company anticipates that it will be able to commence its investment banking activities within 3 months from the completion of the Sale as it is actively pitching for new corporate advisory work.
- (d) The Sale may affect the Company's ability to remain listed on the ASX as it may no longer meet the ongoing listing requirements. As a result of the Sale, the size of the Company's asset base and operating activities will reduce significantly.
- (e) The Company will continue to incur various costs (including listing costs) and such costs may ultimately result in a further reduction in value to Shareholders. However, the Board is actively restructuring the activities of the Group to remove excesses and costs which resulted in losses to the Company in prior years. Without the restructuring, while the Company's asset base may become non income generating and the majority of operating costs will remain unchanged, it would contribute to further erosion of Shareholder value.
- (f) The Sale will result in the Company incurring a goodwill impairment charge of \$1.745 million in FY16. However this is a non-cash expense.

1.5 Overview of the Proposed Sale

Below is an overview of the Sale including the material terms of the Share Sale Deed.

(a) Share Sale Deed

On 9 February 2016, the Company entered into the Share Sale Deed to sell the entire share capital in AG Capital, being 101 ordinary fully paid shares (**Sale Shares**), to Longhou for \$1,000,000 (subject to adjustments).

(b) Material terms of the Share Sale Deed

(i) **(Consideration)**: The consideration for the Sale is \$1,000,000 cash, subject to adjustments. The adjustments are for:

- (A) all periodical outgoings and expenses in respect of the business (for example, rent, insurance, electricity, gas and water expenses) apportioned as at the Completion Date; and
- (B) the aggregate amounts in the Company's bank accounts as at the date of the Share Sale Deed less the AFSL Funds as at Completion.

The Consideration has been paid by Longhou into the Escrow Agent's trust account and will be released to the Company and/or Longhou in accordance with the Share Sale Deed.

(ii) **(Conditions Precedent)**: Completion will not proceed unless and until the following conditions are satisfied or waived in accordance with the Share Sale Deed:

- (A) the Shareholders approve the Sale;

- (B) Longhou and the Company enter into the Escrow Deed;
- (C) during the period from the date of the Share Sale Deed up to completion date of the Sale, there has not been any material adverse change in respect of AG Capital, its business and its AFSL;
- (D) certain security interests granted by the Company and registered on the Personal Properties Security Register are discharged;
- (E) no material breach, or outstanding breach, of the conditions of the AFSL has occurred in the period from the date of the Share Sale Deed up to completion of the Sale;
- (F) AG Financial procures that:
 - (1) certain AG Capital debts are repaid; and
 - (2) all debts owing by the Company, its Related Bodies Corporate or a director of the Company (other than Chi Chung Tai, being the nominee director of Longhou) or its Related Bodies Corporate, have been repaid to AG Capital, unless the Company elects to apply the Consideration to make such payments on the Completion Date,in full either before Completion, or immediately on Completion from the Consideration; and
- (G) AG Capital and Ennox Capital (a wholly owned subsidiary of the Company) enter into an Authorised Representative Arrangement whereby AG Capital appoints Ennox Capital as an authorised representative under its AFSL.

(iii) Warranties

The Share Sale Deed contains standard warranties in respect of the Sale including, but not limited to, warranties relating to information provided, the Company, authorisations and AG Capital, including with respect to the Sale Shares, the assets owned by AG Capital, taxation, financial issues, employees, insurance, AFSL matters and intellectual property.

The Share Sale Deed also included qualifications and limitations of any claims for a breach of the warranties. The Directors are of the view that the qualifications and limitations are standard for a sale of shares such as the Sale.

(iv) Termination

The Share Sale Deed may be terminated:

- (A) if a party is subject to an Insolvency Event (as defined in the Share Sale Deed);

- (B) by written agreement of the parties;
- (C) if a breach occurs and is not rectified; or
- (D) if the conditions are not fulfilled or waived by the Sunset Date of 30 April 2016.

(v) Effect of Termination

If the Share Sale Deed is terminated:

- (A) where an Insolvency Event occurs and:
 - (1) Longhou is the party subject to the Insolvency Event, then the parties must direct the Escrow Agent to release:
 - \$250,000 of the Consideration to the Company; and
 - \$750,000 of the Consideration to Longhou; or
 - (2) the Company is the party subject to the Insolvency Event, then the parties must direct the Escrow Agent to release the Consideration to Longhou;
- (B) by the agreement by the parties or if the conditions are not fulfilled or waived by the Sunset Date, and:
 - (1) where the Shareholders do not approve the Sale for the purposes of Listing Rule 11.2, the parties must direct the Escrow Agent to release the Consideration to Longhou; or
 - (2) the Shareholders approve the Sale for the purposes of Listing Rule 11.2, the parties must direct the Escrow Agent to release:
 - \$250,000 of the Consideration to the Company; and
 - \$750,000 of the Consideration to Longhou; or
- (C) if a breach occurs and is not rectified, where the defaulting party is:
 - (1) the Company, the parties must direct the Escrow Agent to release the Consideration in full to Longhou; or
 - (2) Longhou, the parties must direct the Escrow Agent to release:
 - \$250,000 of the Consideration to the Company; and
 - \$750,000 of the Consideration to Longhou,

within five Business Days of termination and otherwise in accordance with the Escrow Deed.

(vi) Escrow Deed

The Company, Longhou and HWL Ebsworth Lawyers (as **Escrow Agent**) have also entered into an Escrow Deed under which the Consideration for the Sale (**Escrow Amount**) is held in escrow by the Escrow Agent.

Under the terms of the Escrow Deed, upon Completion the Escrow Agent will be required to release the Escrow Amount to the Company (subject to any adjustment or direction in accordance with the Share Sale Deed).

In the event the Share Sale Deed is terminated, the Escrow Agent will be directed to pay the Escrow Amount to the Company and/or Longhou in accordance to the terms of the Share Sale Deed.

1.6 Effect of the Sale on the Company

(a) Effect of the Sale on the Company's future earnings

The Sale may have a material effect on the Company's future potential earnings going forward as AG Capital has been the main source of Company revenue.

(b) Effect of the Sale on the Group's consolidated statement of financial position

As the Consideration offered by Longhou is 100% cash, implementation of the Sale will have no impact on existing Shareholders' voting and equity participation interests in the Company.

Implementation of the Sale will have a material impact on the composition and nature of the assets and liabilities of the Company.

An unaudited pro-forma consolidated statement of financial position is set out in Schedule 1 to demonstrate the financial position of the Company post Completion.

The consolidated statement of financial position of 31 December 2015 which has been reviewed by the Company's auditors, has been adjusted for the effect of the Sale as if it occurred on that date.

(c) Effect of the Sale on AG Financial's consolidated statement of comprehensive income

Following the Sale the Company will be left with limited business operations and its material assets will consist of its existing assets and cash (including the Consideration, subject to adjustments).

(d) Effect of the Sale on the Board and management

The Sale will not result in any change to the composition of the Board.

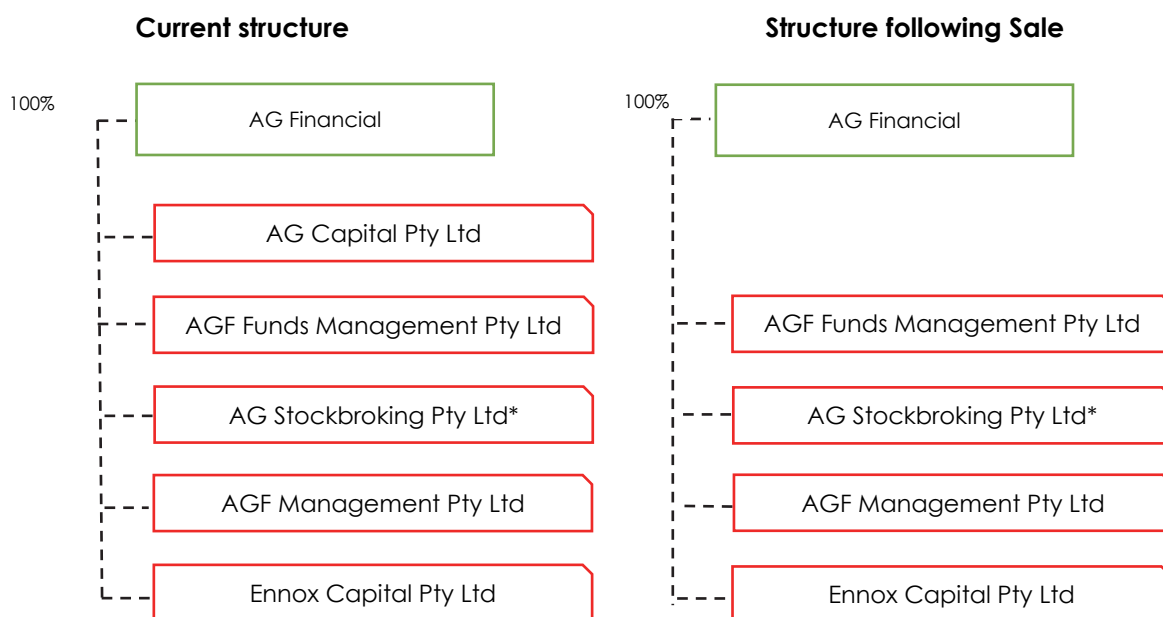
The Sale will result in a reduction in the salaries and fees payable to the Company's directors and senior management, as described in the Company Annual Report for the financial year ended 30 June 2015.

(e) Effect of the Sale on the capital structure

The number of Shares on issue in the Company will remain unchanged as a result of the Sale.

(f) Effect of the Sale on the corporate structure

As the Company is disposing all its shares in AG Capital, the corporate structure of the Company will change as a result of the Sale. Below is a diagram of the corporate structure of the Company currently and following the Sale:



*- in voluntary administration

1.7 Tax impact of the Sale

The sale of the shares in AG Capital will represent a disposal by the Company for Australian income tax purposes.

Where required under the terms of the Tax Sharing Agreement AG Capital will make a contribution amount payment to the Company prior to it leaving the tax consolidated group.

1.8 The Company's intentions post Completion

Following Completion, the Company proposes to:

- (a) use part of the Consideration to pay down the Company's debts;
- (b) subject to Resolution 2, the Company proposes to change its name to "Ennox Group Ltd". With the rebranded Ennox Group, the Company intends to focus on undertaking investment banking activities such as advising on cross border mergers and acquisitions, initial public offerings, capital raising (equity/debt/hybrid), underwriting, private equity investments and managed investment schemes;

- (c) leverage on the Board's network in Asia and Australia, and work closely with investment banking professionals and investors in Asia to provide corporate transaction opportunities between Australia and Asia;
- (d) in accordance with the Share Sale Deed, have Ennox Capital (a wholly owned subsidiary of the Company) act as a corporate authorised representative of AG Capital under the AFSL. This will enable Ennox Capital to engage in the aforesaid investment banking activities; and
- (e) subject to Resolution 4 being passed, undertake a capital raising to provide additional working capital to enable Ennox Capital to pursue this new business model.

1.9 Additional Information

(a) Indicative timetable

Completion under the Share Sale Deed is to occur 5 Business Days after Shareholder approval is obtained. Subject to the other conditions of the Sale being fulfilled or waived, it is anticipated that Completion will occur on 15 April 2016.

(b) Implications if the Sale does not proceed

In the event the Sale does not proceed:

- (i) AG Capital will remain a wholly-owned subsidiary of the Company; and
- (ii) the Company will need to raise further capital to repay its debts and to restructure its operations to reduce overheads and operational costs.

(c) Directors' interests

None of the Directors of the Company or their personal related entities hold any relevant interest in Shares as at the date of this Notice.

An entity related to Mr David Low, the Chairman of the Company, will be paid by the Company a consultancy fee of \$20,000, determined on normal commercial terms, for assisting in negotiation of the Sale and Share Sale Deed, and undertaking administrative matters relating to the Sale.

Other than the above payment, no Director will receive any payment or benefit of any kind as a consequence of the Sale.

(d) The Company's Share price

The table below provides a general indication of the historical trading price of Shares and the trading volume of Shares in the last 52 weeks as at 3 March 2016:

3 March 2016	\$0.004
52 week high on 4 March 2015	\$0.02
52 week low on 30 October 2015	\$0.003
Average daily volume over 52 week period	1,282

(e) Other material information

The Company is a "disclosing entity" for the purposes of section 111AC of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. These disclosure obligations require the Company to disclose to the ASX any information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Since the announcement of the results of the Company's last annual general meeting on 30 November 2015, the Company has made the following announcements:

Date	Announcement
29/02/2016	Half Year Financial Report to 31 December 2015
10/02/2016	Sale of AG Capital Markets & Capital Raising by AG Financial
9/02/2016	Trading Halt
15/01/2016	Appointment and Resignation of Company Secretary
4/01/2016	Final Director's Interest Notice
4/01/2016	Director Appointment/Resignation
23/12/2015	Sale of AG Capital Markets Pty Ltd
22/12/2015	Trading Halt
30/11/2015	Initial Director's Interest Notice
30/11/2015	Initial Director's Interest Notice
30/11/2015	Final Director's Interest Notice
30/11/2015	Director Appointment/Resignation
30/11/2015	Results of Meeting

Further information on the Company can also be found on the ASX website.

(f) Voting requirements and exclusion

A voting exclusion statement is included in the Notice.

(g) Directors' Recommendation

The Directors unanimously recommend to Shareholders that they vote in favour of Resolution 1.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

2. Resolution 2 – Change of Name

2.1 The Resolution

Resolution 2 of the Meeting seeks Shareholder approval to change the Company name to "Ennox Group Ltd" and make subsequent amendments to the Company's Constitution to reflect the change of name.

2.2 The Law

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a **special resolution** adopting a new name. A special resolution requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The proposed name has been reserved by the Company and if Resolution 2 is passed, the Company will lodge notification of the special resolution with ASIC on completion of the Meeting in order to effect the change. The change of name will take effect from the day on which ASIC alters the details of the Company's registration.

The Company also seeks approval under section 136(2) of the Corporations Act to amend the Company's constitution to reflect the change of name. No other changes to the Constitution will be made.

2.3 Directors' recommendation

The Directors unanimously recommend that you vote in favour of Resolution 2. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

The Board proposes this change of name in order to rebrand the Company to focus more on investment banking activities due to the changed nature of, and future operations of the Company.

3. Resolution 3 – Ratification of Prior Share Issue

3.1 Summary

Resolution 3 seeks from shareholders approval for, and ratification, of the issue of 43,000,000 Shares at an issue price of \$0.003 per Share to New Features Global Investments Limited on 4 March 2015 (**Share Placement**) for the purposes of Listing Rule 7.4. The funds raised have and will be used for working capital purposes. The Share Placement was not issued to related parties of the Company.

3.2 The Law

Rules 7.1 and 7.4 of the Listing Rules

Resolution 3 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the Share Placement.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1)

those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

By ratifying the Share Placement subject of Resolution 3, the Company will maintain its ability to issue equity securities in the future up to the 15% limit without the requirement to obtain prior Shareholder approval, and thus enable the Company to take advantage of opportunities which may arise to raise additional capital.

Effect on capital of the Company

The securities issued, for which approval and ratification is sought under Resolution 3, comprise 14.65% of the Company's fully diluted issued capital (based on the number of Shares on issue as at the date of this Notice of General Meeting).

Information required by Rule 7.5 of the Listing Rules

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the Share Placement:

- (a) 43,000,000 Shares were issued;
- (b) the issue price was \$0.003 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company and were issued on the same terms as, and rank equally in all respects with, the Company's existing Shares;
- (d) the shares were issued to New Features Global Investments Limited;
- (e) the funds raised by the Share Placement, after costs, are and will be used for working capital purposes; and
- (f) a voting exclusion statement is included in the Notice.

3.3 Directors' recommendation

The Board is not aware of any information not set out in this Explanatory Statement that would be reasonably required by Shareholders to make a decision in relation to Resolution 3.

The Board believes that the ratification of the issue of shares is beneficial for the Company. Each of the Directors recommends that Shareholders vote in favour of Resolution 3 as it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

4. Resolution 4 – Approval for Issue of Shares - New Placement of 58,000,000 shares

4.1 Summary

Resolution 4 seeks the approval of Shareholders for the future issue of up to 58,000,000 Shares (**New Placement**).

As set out in relation to Resolution 1, the Company intends to grow the investment banking activities of the Company which involves bridging corporate transactions between Asia and Australia. It is anticipated that the New Placement would raise

\$174,000 which will be used as additional working for the Company to achieve this vision. In addition, the Company could issue Shares under the New Placement to strategic investors who could work with the Company to grow these new investment banking activities.

The issue of Shares under the New Placement is subject to the passing of Resolution 1, and if approved, will be placed with institutional and sophisticated investors.

4.2 The Law

Rules 7.1 of the Listing Rules

Listing Rule 7.1 prohibits a company from issuing shares representing more than 15% of its issued capital in any 12 month period, without the prior approval of its shareholders (subject to certain exceptions). Accordingly Shareholder approval is being sought under Listing Rule 7.1 for the issue of 58,000,000 Shares in the Company.

Effect on capital of the Company

The securities proposed to be issued, for which approval is sought under Resolution 4, comprise 19.76% of the Company's fully diluted issued capital (based on the number of Shares on issue as at the date of this Notice of General Meeting).

Information required by Listing Rule 7.3 for Resolution 4

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the New Placement:

- (a) the maximum number of securities to be issued by the Company is 58,000,000 Shares;
- (b) the Shares will be issued no later than 3 months after the date of this Meeting (or such later date as approved by ASX);
- (c) the Shares will be issued at a price of \$0.003 per Share;
- (d) The Shares will be issued to institutional and sophisticated investors. As at the date of this Notice there has been no decision by the Directors to issue any Shares. Accordingly, the names of any allottee or proposed allottees are not known. The Shares is not expected to be issued related parties of the Company;
- (e) the Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms as, and rank equally in all respects with, the Company's existing Shares;
- (f) the funds raised from the issue of the Shares will be used for working capital purposes;
- (g) the Shares will be issued within the 3 month period from the date of this Meeting; and
- (h) a voting exclusion statement is included in the Notice.

4.3 Directors' recommendation

The Directors unanimously recommend that you vote in favour of Resolution 4.

The Board believes that maintaining the Company's ability to issue Shares within the 15% limit is in the best interest of the Company, thereby sustaining its flexibility to make placement of securities without seeking Shareholder approval if the need or opportunity arises. In addition, the funds raised from the issue of Shares will provide additional working capital for the Company's new corporate finance activities. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

5. DEFINITIONS

In the Notice and the Explanatory Statement:

\$ means Australian dollars.

AEDT means Australian Eastern Daylight Time.

AFSL means Australian Financial Services Licence 292464 held by AG Capital.

AG Capital means AG Capital Markets Pty Ltd ACN 114 266 698.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

Board means the current board of Directors of the Company.

Business Day means a day other than a Saturday, Sunday or public or bank holiday in Melbourne.

Company or AG Financial means AG Financial Limited ACN 108 069 003.

Completion means completion of the Sale.

Completion Date means the date of Completion which is not later than five Business Days after the date on which Shareholder approval for the Sale is obtained at this Meeting.

Consideration means cash consideration of \$1,000,000.

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a current director of the Company.

Ennox Capital means Ennox Capital Pty Ltd ACN 610 531 774.

Equity Securities has the meaning given to it in the Listing Rules.

Escrow Agent means HWL Ebsworth Lawyers.

Escrow Deed means the escrow deed dated 9 February 2016 entered into between the Company, Longhou and the Escrow Agent.

Explanatory Statement means the explanatory statement attached to the Notice.

Group means the Company and its wholly owned subsidiaries which, as at the date of this Notice, comprise AG Capital Pty Ltd ACN 165 695 394, AGF Funds Management Pty Ltd ACN 124 028 244, AG Stockbroking Pty Ltd ACN 010 763 041 (administrators appointed), AGF Management Pty Ltd ACN 166 298 951 and Ennox Capital.

Listing Rules means the listing rules of ASX.

Longhou means Longhou Investment Group Pty Ltd ACN 605 080 037.

Meeting means the general meeting of Shareholders to be held at Ground Floor, Chancellor Executive Apartments, 19 Lake Street, Varsity Lakes, Queensland 4227 on 8 April 2016.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

New Placement means the placement of up to 58,000,000 Shares at \$0.003 per share proposed pursuant to Resolution 4.

Proxy Form means the proxy form that accompanies this Notice.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Resolution means a resolution proposed to be considered and, if thought fit, to be passed at the Meeting.

Sale means the sale by the Company of its entire shareholding in AG Capital (being the Sale Shares) to Longhou pursuant to the Share Sale Deed.

Share Placement means the issue of 43,000,000 Shares at \$0.003 per Share to raise \$129,000 issued on 4 March 2016.

Sale Shares means the 101 shares in AG Capital to be sold by the Company pursuant to the Sale.

Share Sale Deed means the share sale deed dated 9 February 2016 entered into between the Company and Longhou.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Sunset Date means 30 April 2016.

Schedule 1 - Consolidated Financial Reports

Set out below is the historical consolidated statement of financial position (balance sheet) of the Company as at 31 December 2015 which has been reviewed by the Company's auditors, and the pro forma historical consolidated balance sheet of the Company as at 31 December 2015 (unaudited) assuming "Resolution 1 – Disposal of AG Capital" is passed.

Statement Of Financial Position	Pro-Forma 31.12.2015 \$	Historical Audit Reviewed 31.12.2015 \$	Historical Audited 30.06.2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1,309,873	309,873	212,632
Trade and other receivables	24,586	24,586	698,681
Financial assets - investments	1,514,490	1,514,490	4,330,881
Other current assets	11,033	11,033	55,735
Assets and disposal group classified as held for sale	-	1,750,519	-
TOTAL CURRENT ASSETS	2,859,982	3,610,501	5,297,929
NON-CURRENT ASSETS			
Intangibles	-	-	2,907,487
Property, plant & equipment	6,384	6,384	38,888
TOTAL NON-CURRENT ASSETS	6,384	6,384	2,946,375
TOTAL ASSETS	2,866,366	3,616,885	8,244,304
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	395,577	395,577	1,068,988
Employee benefits	48,472	48,472	56,170
Borrowings	469,469	469,469	914,026
Deferred tax liabilities	-	-	554,869
Liabilities included in disposal group held for sale	-	750,519	-
TOTAL CURRENT LIABILITIES	913,518	1,664,037	2,594,053
NON-CURRENT LIABILITIES			
Employee benefits	20,511	20,511	19,692
Borrowings	-	-	-
TOTAL NON-CURRENT LIABILITIES	20,511	20,511	19,692
TOTAL LIABILITIES	934,029	1,684,548	2,613,745
NET ASSETS	1,932,337	1,932,337	5,630,559
EQUITY			
Issued Capital	32,431,144	32,431,144	32,431,144
Retained earnings	(30,498,807)	(30,498,807)	(26,800,585)
TOTAL EQUITY	1,932,337	1,932,337	5,630,559

The significant accounting policies upon which the historical consolidated balance sheet and the pro forma historical consolidated balance sheet are based are contained in the 2015 Annual Financial Report and 31 December 2015 Interim Financial Report.

The historical and pro-forma financial information is presented in an abbreviated form and does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am AEST on Wednesday 6 April 2016.**

🖥 TO VOTE ONLINE

- STEP 1:** VISIT www.votingonline.com.au/agfinancialegm2016
- STEP 2:** Enter your Postcode OR Country of Residence (if outside Australia)
- STEP 3:** Enter your Voting Access Code (VAC):

📱 BY SMARTPHONE

Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM**STEP 1 APPOINTMENT OF PROXY**

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am AEST on Wednesday 6 April 2016**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** www.votingonline.com.au/agfinancialegm2016
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **AG Financial Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Extraordinary General Meeting of the Company to be held at **Ground Floor, Chancellor Executive Apartments, 19 Lake Street, Varsity Lakes, Queensland 4227 on Friday 8 April 2016 at 10:00am AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS
* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Approval of Sale of all the Shares in AG Capital Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Change of Name (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Prior Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for Issue of Shares – New Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2016